

FTC FACTS for Consumers

VoIP:

IT'S A PHONE,
IT'S A COMPUTER,
IT'S ...



Voice over Internet Protocol — VoIP — is a new way to make and receive telephone calls using a broadband Internet connection rather than a regular phone line. VoIP converts your phone call — actually, the voice signal from your phone — into a digital signal that travels through the Internet to the person you are calling. If you are calling a plain old telephone number, the signal is converted back at the other end. If you're comfortable with new technology, you may be interested in learning more about VoIP. The Federal Trade Commission (FTC), the nation's consumer protection agency, suggests that it's smart to do some research on VoIP before signing up for it.

VoIP TECHNOLOGY

VoIP technology is offered by some new companies that specialize in VoIP service, some traditional telephone and cable companies, as well as some Internet Service Providers. Most services using VoIP allow you to call anyone with a telephone number — including local, long distance, cellular, and international numbers. Others may allow you to call only other people with the same service. In addition, most VoIP services allow you to use a traditional telephone through an adaptor, but others work only over your computer or a special VoIP phone.

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If you get VoIP service that allows you to make a call using a phone with an adaptor, you dial the same way you always have. If you get a VoIP service that works directly from your computer, you need to use special software, a microphone, speakers and a sound card. If your service assigns you a regular phone number, anyone can call you from a regular (or analog) phone without any special equipment.

POSSIBLE BENEFITS OF VOIP SERVICE

Many VoIP services include unlimited local and long distance calling plans (at least within the United States and Canada) for a fixed price, plus a range of interesting features, like:

- the ability to have more than one phone number, including phone numbers with different area codes. For example, if you live in New York and your kids live in San Francisco, you can have a San Francisco phone number, and their calls to you will be local.
- integrated voicemail and email message systems so you can listen to your voicemail on your computer or your email on your phone.
- with special software and hardware, the ability to take your VoIP system with you if you travel with your computer, allowing personal or business calls to be routed to you no matter where you are.

CAVEATS

Any decision to sign up for a VoIP service should be based on careful consideration of the facts, and your comfort level with new technology. Investigate the companies you are considering for your service. An Internet search

engine can lead you to a wealth of information about consumer experiences with particular providers.

Among the issues to think about are:

Terms and Conditions. Get a handle on the costs, terms, and conditions of service. Many VoIP providers offer monthly calling plans: make sure you know the number and type of calls you'll get for the amount you'll be billed. VoIP plans generally look inexpensive compared to regular telephone plans, but don't forget to factor in the cost of broadband Internet access — for most people, that will mean paying separately for cable modem service or digital subscriber line (DSL) service.

Limits of Service.

- **911 Services:** Most VoIP services don't yet have the same access to the 911 emergency system as traditional phone lines. However, some services include a way to route calls to emergency operators and to let the operator know where you're calling from. This situation will change: According to a recent directive from the Federal Communications Commission, VoIP providers that facilitate calls to or from traditional phone lines must deliver all 911 calls to the customer's local emergency operator by the end of 2005, and where possible, give emergency operators the caller's number and location. Providers also must give consumers a way to update their location information.
- **Phone Number:** Many VoIP companies can arrange for your current phone number to be switched to your VoIP service, but that takes



time, and in the interim, you will have a new phone number.

- **Directory Assistance:** VoIP services don't have the same access to directory assistance services as traditional telephone service. Your telephone number probably won't be included in directory service listings provided by the local telephone company.
- **Power or Service Outages:** If you've switched to VoIP and lose power, you'll have no phone service until power is restored; if you lose your Internet connection, your phone service will be out, as well. Consider backup phone service for these kinds of situations.

Equipment and Installation. Installing VoIP service is not as simple as plugging in a telephone. You may have to spend some time connecting equipment and adjusting to a new system. Note that there are different ways to use the technology: An analog terminal adaptor works on your regular phone to enable VoIP calls. Or you can use special Internet telephones, known as IP phones, that look like regular phones but have all the software and hardware necessary to connect directly to your computer's router to make or receive calls. If you use VoIP to make computer-to-computer calls, you'll need special software, a microphone, a sound card, and speakers. If you're using VoIP and a phone adaptor to make calls, your computer doesn't have to be turned on as long as your broadband Internet connection is working.

Privacy and Security. VoIP calls are transmitted over the Internet, a fact that raises privacy and security risks that are not at issue with regular telephone service. For example, VoIP services can be attacked by computer viruses or worms; you can be subject to SPIT (Spam over Internet Telephony), a new kind of spam, and left with mass voice mail messages in your inbox; and you can be caught in a denial of service attack.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

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FEDERAL TRADE COMMISSION

ftc.gov

1-877-FTC-HELP

FOR THE CONSUMER

Federal Trade Commission
Bureau of Consumer Protection
Office of Consumer and Business Education

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